

Executive Summary

In 2005, the City of Seattle spent over \$24 million dollars from the four Consolidated Plan funds to provide decent housing, strengthen communities and families, provide a suitable living environment, expand economic opportunities, and promote health and independent living for low- and moderate-income people. Additional local and other dollars were spent in these areas as well. However, this report focuses only on how the Consolidated Plan funds (mostly CDBG) are strengthening our community.

The *2005 Consolidated Annual Performance and Evaluation Report (CAPER)* describes the results and benefits produced by the City as we implemented strategies to achieve the objectives in the Seattle's *2005 – 2008 Consolidated Plan for Housing and Community Development*.

Seattle's *2005 – 2008 Consolidated Plan for Housing and Community Development* employs a coordinated approach to addressing Seattle's housing, community development, and human service needs. The overall strategy of the Consolidated Plan is to integrate economic, physical, and human development activities. The City of Seattle developed the Consolidated Plan under the guidelines established by the federal Department of Housing and Urban Development (HUD), as it serves as the application for the four federal formula grant programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnership (HOME)
- Emergency Shelter Grant Program (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)

The activities undertaken by the City with these federal dollars fall under four community development goals:

1. Provide decent affordable housing for low- and moderate-income households;
2. Increase the stability of low- and moderate-income persons and reduce poverty;
3. Promote economic growth to enhance the viability of low- and moderate-income neighborhoods; and,
4. Prevent decay and deterioration of existing infrastructure and protect our facilities, parks, streets and sidewalks.

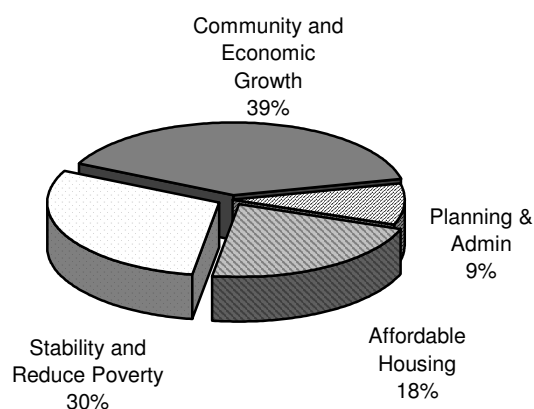
The structure of this report generally follows guidance provided by HUD for the recommended elements of a CAPER report.

2005 Consolidated Plan – Funding Summary

Community Development Block Grant

The City's 2005 CDBG program (as amended July 2005) budgeted a total of \$17,695,875. Of this amount, \$14,038,888 came from the annual HUD entitlement and the remaining from a mixture of program income and recaptured prior year funds. Included in the program income total was a one-time amount of more than \$800,000 realized from the sale of an Urban Development Action Grant property. The CDBG was allocated in the following manner:

2005 CDBG Funding



HOME

The HOME program, using new resources from the federal government as well as HOME program income, supported nearly \$5 million in activities developing and preserving affordable housing options for Seattle residents.

Housing Opportunities for Persons with AIDS (HOPWA)

The 2005 HOPWA budget was \$1,611,000. These funds supported services and housing opportunities for persons with HIV/AIDS.

Emergency Shelter Grant Program (ESG)

The 2005 allocation from the federal government for the ESG Program was \$541,420. These funds supported emergency shelter and related services for homeless persons. Seattle used some of this funding to support hygiene centers for homeless persons.

For more information on funding, see the Financial Summary section of this report.

Leveraging Resources

The City relies on the Consolidated Plan funds to provide a foundation for community and economic development activities. They are, however, by no means the only investment the City or the community at large makes in programs and services to support low- and moderate-income populations. The following are examples of the amount of leverage gained by our investments of Consolidated Plan funds.

The Office of Housing's funding commitments for rental housing production and preservation in 2005 leveraged \$4 for every dollar in City funds (including CDBG and HOME). Other leveraged fund sources included the State Housing Trust Fund, the Bill and Melinda Gates Foundation's Sound Families Initiative, Federal Home Loan Bank, low-income housing tax credit equity, bank debt, tax-exempt bond financing, fundraising and other owner contributions. One unique source of leveraged funds in 2005 was a \$2,820,460 contribution for affordable housing by the developer of the new Sheraton Hotel addition, which began construction in 2005. This funding purchased transferable development rights from two low-income housing projects, helping to preserve that housing resource, and contributed to the City's Housing Bonus Fund, with funding available for additional new construction of affordable housing.

The Homebuyer Assistance Program achieves a similar leverage of other resources for first-time homebuyers: every \$1 of City funding leveraged \$4 in other public and private financing. This includes publicly funded mortgage financing and down payment assistance through the State Housing Finance Commission, the State Housing Trust Fund, and the Federal Home Loan Bank; private contributions to Habitat for Humanity projects and United Way's Individual Development Account program; and private lender mortgages

CDBG funds for staffing of the Office of Housing's HomeWise Program, which provides weatherization and energy conservation improvements and rehabilitation of homes occupied by low-income households, are leveraged with a number of sources. Program income (repayments of previous loans) provides capital for HomeWise rehabilitation loans. The original loans were made using either CDBG or Seattle Housing Levy funds following the relevant program's guidelines and the same general restrictions apply to the use of program income. In 2005, HomeWise weatherization and energy conservation work was funded by the State of Washington, which is a conduit for a number of fund streams. The amount funded for completed projects in 2005 was: U.S. Dept. of Health & Human Services Low Income Home Energy Assistance Program \$388,861, U.S. Dept. of Energy Low Income Weatherization Assistance Program \$451,982, Bonneville Power Administration \$1,265, and State of Washington Energy Matchmakers Program \$766,314. Seattle City Light provided another \$647,621 for the HomeWise program. Note: total State weatherization funds provided in 2005 totaling \$1,608,422.

The City participates with King County in implementing the Seattle / King County Homeless Services Continuum of Care plan. The City and King County have been extremely successful in leveraging a combined total of more than \$43 million in a variety of services and goods that support the network of programs included in the Continuum. These contributions range from Metro bus tickets, reduced price or free meal programs, counseling, vocational and mental health

services and transportation. (see Homeless Leveraged Resources table in Appendix A) These funds represent local government dollars, other federal and state funds, and private investments and contributions.

The City's Community Facilities Loan Program, which provides capital support for non-profit social services agencies, allocated \$825,000 from the 2004 – 2005 Request for Proposals round of funding. Agencies seeking these funds had capital development or renovation projects costing \$7.4 million, with a leverage of over \$6.5 million. Agencies typically generate revenues for capital projects from private foundations, capital campaigns, and bank financing.

Managing the Process

Citizen Participation

On March 13, 2006, in accordance with the Public Participation Plan, the City of Seattle published a notice of availability for comment in the Daily Journal of Commerce and via the CDBG Administration's website. One public comment was received during the comment period, and is summarized in this report as Appendix B.

Institutional Structure

Overcome Gaps in the Institutional Structure and Enhance Coordination

The housing, community development, and human service delivery system in Seattle consists of a number of complementary components. Key public partners include the City of Seattle's Human Services Department, Office of Housing, Office of Economic Development, Office of Policy and Management, Department of Neighborhoods, Department of Parks and Recreation, the Seattle-King County Department of Public Health, and the Seattle Housing Authority.

Nonprofit agency partners are many and varied: Seattle Housing Development Consortium, Seattle Human Services Coalition, Minority Executive Director's Coalition, nonprofit housing developers, community development corporations, provider coalitions, human services and shelter providers, food banks, and agencies working with special needs populations. Private foundations, lenders, developers, contractors, and a range of businesses are also integral partners in advancing the City's goals and strategies. Many of the activities in the 2005 – 2008 *Consolidated Plan* enhance the coordination of public sector agencies with each other and with the nonprofit agencies that implement social and economic development programs.

Human Services Department: Lead Office

The mission of the Human Services Department (HSD) is to strengthen the ability of all people in the greater Seattle metropolitan area to live, learn, work, and participate in safe, strong, and caring communities. The CDBG Administration Office in the HSD provides centralized monitoring and support to CDBG programs delivered through HSD, the Department of Parks and Recreation, Department of Neighborhoods, Office of Housing, and Office of Economic Development. The CDBG Administration Office assures the eligibility of proposed projects and compliance with environmental regulations, assists in periodic accountability reviews, and assists City agencies and nonprofit organizations in implementing the City's *Consolidated Plan*.

The **Office of Housing (OH)** works with housing developers, primarily nonprofit, financial institutions, and other public funders to create affordable housing opportunities in the community. OH manages the preservation and development of multi-family housing, coordinates affordable housing development, and creates homeownership opportunities. OH programs include single family home repair, weatherization, homebuyer assistance, multifamily

preservation and production, and developer incentive programs such as the Multifamily Property Tax Exemption Program.

The **Office of Economic Development (OED)** uses the power of City government to support a healthy, diversified economic base and to bring economic opportunities to all of Seattle's citizens, especially the most disadvantaged. OED takes these actions in cooperation with private sector firms, community-based organizations, and other public sector institutions wherever possible.

The **Seattle Department of Parks and Recreation** implements the Parks Upgrade Program in low- and moderate-income neighborhoods as part of their overall mission to enhance the open space and urban facilities recreation opportunities in Seattle.

The **Department of Neighborhoods (DON)** provides the link between the central City government and thirteen Neighborhood Service Centers. It was established to further empower Seattle's citizens to improve communications with City government and to facilitate neighborhood preservation and development.

The **Seattle Housing Authority (SHA)** is a unique housing development and policy-planning partner with the City of Seattle. As the largest public housing provider in the state, SHA has the ability to access special housing support services and has increased its commitment to providing and coordinating housing support services for its residents. SHA owns approximately 6,000 units of federally funded public housing, administers a total of 5,000 additional units through the federal Section 8 Program, and administers about 1,200 units of locally funded housing under the Seattle Senior Housing Bond Issue Program.

HSD, OH, and SHA work closely together to coordinate housing and support service programs. SHA is an active member of the interdepartmental team formed by the City of Seattle to develop the *2005 - 2008 Consolidated Plan*.

Coordination with other Public Agency Programs

The City of Seattle is very effective in leveraging other housing assistance programs to increase program impact. The State Housing Finance Commission makes available tax-exempt bond funds for multifamily rehabilitation and first-time homebuyers. The federal Low-Income Tax Credit Program provides assistance to private and nonprofit low-income housing developers. The sale of tax credits to private investors provides significant cash contributions to projects developed by local nonprofits. The City of Seattle coordinates its programs and projects with other public funders to maximize funding and leverage opportunities.

Role of Community-based Organizations

Seattle has a solid institutional structure through which it carries out the objectives of the *2005 - 2008 Consolidated Plan*. There is a growing network of community-based nonprofit organizations, which provides a range of high-quality housing and human service opportunities for area residents in need. On the housing development side, about 20 nonprofit groups and Public Development Authorities (PDAs) have become major developers of subsidized housing in Seattle. In the mid-1970s, the City supported the formation of neighborhood PDAs and other nonprofit housing developers. More recently, the City also supported the formation of 12

community-based development organizations (CBDOs). These CBDOs carry out neighborhood stabilization, economic development, and energy conservation programs.

Monitoring

As mentioned, the City of Seattle Human Services Department is responsible for the overall administration of the Consolidated Plan and the monitoring and evaluation of CDBG program activities as well as the HOPWA and ESG programs. The Office of Housing manages the HOME program. The organizational structure developed to implement the Consolidated Plan has two layers of accountability. The first tier includes five operating departments that implement programs with City staff. The second tier encompasses programs implemented by sub-recipients and other entities. Each year HSD executes Memoranda of Agreement (MOA) with the City departments that administer CDBG funded programs.

Regulatory Framework

The CDBG regulations (24CFR 570.501 (b)) state that:

“[the grantee] is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of ...sub-recipients...does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under sub-recipient agreements...and for taking appropriate action when performance problems arise...”

The language in Subpart J of 24 CFR Part 85 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,” which applies to HUD grants including CDBG, HOPWA, ESG and HOME, is even more explicit about the obligation to monitor subgrant supported units including city programs and sub-recipients:

“Grantees are responsible for managing the day-to-day operation of grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being met. Grantee monitoring must cover each program, function, or activity.”

Monitoring Objectives:

- Ensure that grant funded activities comply with federal regulations governing administrative, financial, and programmatic operations;
- Ensure that, to the extent feasible, performance objectives are met within budget and on schedule; and,
- Ensure that City departments operate their programs in accordance with established program policies.

MONITORING AND EVALUATION PROGRAM

The HSD CDBG Administration Office provides oversight and technical assistance to city staff and participates as needed in assessments and monitoring visits. Memoranda of Agreement with each of the operating departments specify that they will:

1. Assure and certify that the department complies with federal regulations, policies, guidelines, and requirements with respect to the acceptance and use of CDBG funds as specified by HUD;
2. Prior to incurring costs, ensure that each project has had an environmental review and, where appropriate with respect to construction projects, that Davis Bacon and Section 3 requirements are met;
3. Prepare a program plan and budget as required and submit the plan or contract to HSD so eligibility can be determined;
4. Provide annual data to ensure that the appropriate national objective is met; and,
5. Meet financial requirements by ensuring all costs are documented and supported.

Tier I

Tier I tasks are directed to ensure that the operating departments are meeting their obligations under the Memoranda of Agreement with respect to programs implemented directly by city staff. To do so, CDBG Administration staff performs three tasks:

1. Monitor activities implemented by City staff. Some examples are: Multi-Family Housing Fund, Park Upgrades, Community Facilities RFP, Community Economic Development Program, and Public Housing Case Management.
2. Work with each operating department to help establish and/or evaluate the system of monitoring and assessment of sub-recipients and other entities including on-site assessment and desk monitoring procedures.
3. Provide up-front technical assistance on eligible activities and other regulatory matters.

Tier II

Tier II tasks are directed to sub-recipients and other entities. Staff in operating departments perform these tasks. CDBG Administration staff provides oversight of the operating departments' accountability and systems and procedures for monitoring or evaluating grant-funded programs. CDBG Administration staff assist department staff to develop monitoring checklists and other tools so that they are able to assess compliance with federal requirements including eligibility and benefit to low- and moderate-income persons. When possible, CDBG staff participates in on-site monitoring activities. Oversight activities include:

1. Review of the risk analysis and criteria used to determine what agencies and projects are selected for on-site monitoring or a full assessment.
2. Review of project files to determine that they include: appropriate documentation of project oversight through monthly desk monitoring, documentation of on-going contact (telephone or on-site) between the project specialist and the implementing agency, identifying problems and solutions.

3. Review of annual monitoring results and three-year in depth formal assessment performed by program staff.

2005 Self-Evaluation

Each year the CDBG Administration staff, with the assistance of program staff from all operating departments, prepares the Consolidated Annual Performance and Evaluation Report. During this time, we determine to what extent objectives and performance targets have been met. The evaluation is made easier by an outcome-based approach. Using this methodology requires that programs have key results and outcomes that can be tracked and evaluated.

Overall the activities planned in the 2005 Table of Proposed Projects (as amended) were implemented as designed. While the City is continually reevaluating programs and practices, the Consolidated Plan-funded programs were able to generally meet performance expectations.

(See Table 1)

Table 1: 2005 Community Development Accomplishments: SUMMARY

COMMUNITY DEVELOPMENT GOAL	STRATEGIES	2005 TARGET	2005 ACCOMPLISHED
Provide decent affordable housing for low-and moderate income households	Provide down payment assistance for first-time homebuyers.	27 households	40
	Preserve and increase the supply of affordable rental housing.	95 units funded	104
	Provide energy conservation improvements for low-income units and loans to rehab owner-occupied single-family homes.	1,200 units weatherized & 38 units rehabilitated	920 47
Increase the stability of low- and moderate-income persons and reduce poverty	Improve access to transitional and permanent housing for homeless adults and persons in families.	1,269	1,405
	Homeless persons will retain housing for at least 6 months where transitional housing, permanent housing placement or eviction prevention services were provided.	802	996
	Help frail elders and people with disabilities retain affordable, safe, public housing.	1,604	1,589
Promote economic growth to enhance the viability of low- and moderate-income neighborhoods	Provide case management, job placement and retention services to help low-income people get and retain living-wage jobs.	500 persons in living wage jobs	500
	Complete façade improvements for businesses in low-income neighborhoods.	15 facades completed	36 Completed
	Promote the Community Development Float and Section 108 Loan Programs as a means to finance large-scale projects.	Close 1 loan	1
Prevent decay and deterioration of existing infrastructure and protect our facilities, parks, streets and sidewalks	Providing funding for minor improvements in parks in low-income neighborhoods.	14 parks funded	10 funded
	Provide capital funding to nonprofits to help maintain and expand capacity to deliver services and prevent the decay and deterioration of public facilities.	4 new projects funded	5 projects funded (one agency declined funding subsequent to the award)